

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Andhra Pradesh Mineral Development Corporation Limited - Black Galaxy Granite in R.L.Puram (V), Chimakurthy(M), Prakasam District - Representation of M/s SRAP Minerals Private Limited a joint venture company with APMDC Limited, in respect of quarry lease for Black Granite over an extent of 18.90 acres in Sy.No.55/3A of R.L.Puram (V), Chimakurthy (M), Prakasam District - Request to consider on par with other Joint Venture Companies for Block-I & IV in R.L.Puram (V), Chimakurthy (M), Prakasam Disdtrict - accepted - Orders - Issued.

INDUSTRIES AND COMMERCE (MINES.II) DEPARTMENT

G.O.Ms.No.217

Dated: 22-09-2009

Read the following:

1. Representation of M/s SRAP Minerals Private Limited, Dated: 01-12-2008.
 2. From the VC & MD, APMDC Ltd., Ref.No. APMDC/BG-Glx/T-2/SRAP/2001, dated: 05-02-2009.
 3. Director of Mines & Geology, Hyderabad, Note dt.18-02-2009 in file C.No.2481/M.II/01/2009.
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ORDER:

M/s Pallava Granite Industries (India) Private Limited are the promoters of the Joint Venture Company of M/s SRAP Mineral Private Limited, wherein they are holding 74% equity and APMDC is holding 26%. M/s SRAP Minerals (P) Limited, through the reference 1st read above informed that based on the report of GSI, they have filed quarry lease application and obtained quarry lease for Black Granite in Sy.No.55/3A over an extent of 18.90 acres in R.L.Puram (V), Chimakurthy (M), Prakasam Dist. and started the work by investing huge amount, Machinery and Human Resources. However, in terms of productivity, they are not commensurate with investment and effort made by them. They have submitted that contrary to the Geological reports, the recovery is poor and the quantity of blocks is unsatisfactory as the deposit having cracks, joints, bands etc., are intersecting at regular intervals. The cost of production is Rs.27,000/- and by adding the seigniorage fee of about Rs.5,000/-, the total cost works out to Rs.32,000/- and average realization value of the blocks is about Rs.42,000/- per CBM. Further they have agreed to pay the mining Franchise Fee of Rs.32,000/- for CBM produced and dispatched and total cost of the production works out to Rs.64,000/-, whereas the average selling price is Rs.42,000/- per CBM resulting in a loss of more than Rs.22,000/- per CBM. They have further stated that they have submitted the proposal to A.P.Mineral Development Corporation Limited for Mining Franchise Fee based on the net measurement for which the Corporation has not agreed.

2. Further, they have stated that the feasibility of the operation especially in the present market scenario can be achieved in the next few months in case the Mining Franchise Fee is not taken into consideration. In case the Mining Franchise Fee has to be paid at the rates agreed as per PCI agreement, the operation is not feasible. They are willing to invest further amount by pooling of fresh capital, and accordingly with the permission of A.P.Mineral Development Corporation Limited they have brought one more investor with great difficulty and the new investor is also apprehensive about the viability of the project. Further they have stated that the Corporation is aware that the other Joint

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Venture Company investors have challenged the validity of Mining Franchise Fee in the Court of Law, and stalled the entire issue of re-assignment under new terms and conditions, whereas they have always cooperated with the Corporation and so far they have paid 93.59 lakhs as Mining Franchise Fees though no returns are coming from this joint venture. In view of the above, M/s SRAP Minerals (P) Limited are requesting the Corporation to bring them on par with the existing Joint Venture Companies for Block No.I & IV.

3. The Vice-Chairman and Managing Director, A.P.Mineral Development Corporation Limited vide reference 2nd read above, has stated that the Corporation has issued Notification for sealed tender cum public auction during August, 2000, for prospecting and quarrying of Galaxy Granite over an extent of 18.90 acres in Sy.No.55/3A of R.L.Puram (V), Cheemakurthy (M), Prakasam District, and M/s Pallava Granite Industries (India) Limited have selected a Joint Venture partner and entered into PCIA on 13-11-2000. M/s Pallava Granite Industries (India) Limited incorporated Joint Venture Company by name M/s SRAP Mineral Private Limited on 16-02-2001. M/s Pallava Granite Industries (India) Limited along with M/s SRAP Mineral Private Limited entered into Mining Franchise Fee agreement with A.P.Mineral Development Corporation Limited on 08-03-2001. According to the agreements, the Corporation transferred the P.L. over an extent of 18.90 acres on 01-09-2001 in favour of M/s SRAP Mineral Private Limited. According to Mining Franchise Fee agreement the Joint Venture Company was required to pay Rs.15 lakhs per annum towards minimum Mining Franchise Fee irrespective of production and dispatches. Accordingly the Joint Venture Company has paid Rs.90 lakhs towards Mining Franchise Fee for the period 01-09-2001 to 31-08-2007 and the Joint Venture Company is due for payment of Mining Franchise Fee of Rs.30 lakhs for the period from 01-09-07 to 31-08-09 and interest amount is Rs.17,29,244/- on delayed payments of Mining Franchise Fee upto 30-09-2008. The Joint Venture Company during the above period has produced 164.434 CBM and dispatched 59.691 CBM. Presently the Joint Venture Company is having a quantity of 104.743 CBM in their lease hold area. The Vice-Chairman and Managing Director, A.P.Mineral Development Corporation Limited, has further stated that the Joint Venture Company M/s SRAP Minerals (P) Limited did not go to court like other 5 Joint Venture Companies and without working the quarry they are paying minimum Mining Franchise Fee to the Corporation. The Vice-Chairman & Managing Director, A.P.Mineral Development Corporation Limited, has stated that, finally, M/s SRAP Minerals (P) Limited, requested the Corporation to bring them on par with existing Joint Venture Companies for Block No.1 and Block No.IV.

4. The Vice-Chairman & Managing Director, A.P.Mineral Development Corporation Limited, has also stated that the entire matter was placed before the Board of Directors at their 346th Meeting held on 27-01-09 and the Board resolved to send the proposals of M/s SRAP Minerals to Government for approval, since the same are beneficial to the Corporation. The Vice-Chairman & Managing Director, A.P.Mineral Development Corporation Limited, has finally requested the Government to approve the said proposals, of M/s SRAP Minerals (P) Limited.

5. In the reference 3rd read above, the Director of Mines & Geology, Hyderabad, has stated that in view of the report of Vice-Chairman & Managing Director, A.P.Mineral Development Corporation Limited, giving advantage to the A.P.Mineral Development Corporation Limited in the said proposals whereby more production can be achieved, the proposals may be considered. The Director of Mines & Geology, Hyderabad, has further stated that presently, the said area is not productive due to the reasons explained therein and the terms

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and conditions of allotment of the areas in the new policy adopted by A.P.Mineral Development Corporation Limited are very much encouraging for value addition besides sparing 20% of the production for local individuals and the Director of Mines & Geology, Hyderabad, has stated that the proposals may be considered.

6. The matter has been examined and it is considered that if a uniform system will come into force and there would be no discrimination in collection of seigniorage fee in respect of all Joint Venture Companies. Government therefore decided to consider the request of M/s SRAP Minerals Private Limited to bring them on par with the existing Joint Venture Companies for Block No.I & IV, in respect of present quarry lease for Black Granite over an extent of 18.90 acres in Sy.No.55/3A of R.L.Puram (V), Chimakurthy (M), Prakasam District granted to M/s SRAP Minerals (P) Limited.

7. Accordingly, Government hereby order to make applicable all the terms and conditions agreed upon by A.P.Mineral Development Corporation Limited while allocating Block No.I & IV in favour of M/s A.P.Galaxy (Midwest) Private Limited, M/s Alliance Andhra Pradesh Galalxy Granite (P) Limited and M/s Pallava Red Granites (P) Limited, in respect of quarry lease for Black Granite over an extent of 18.90 acres in Sy.No.55/3A of R.L.Puram (V), Chimakurthy (M), Prakasam District. As far as investments for value addition, proportionate investments may be worked out by A.P.Mineral Development Corporation Limited by taking the investments stipulated in the original tender document in respect of existing Joint Venture Companies and highest slab may be taken in this case. Accordingly, M/s A.P.Mineral Development Corporation Limited, is permitted to enter into revised agreement with Joint Venture Company stipulating the conditions prescribed in respect of existing Joint Venture Companies except in respect of investments, which shall be as stipulated above. Further in terms of the existing conditions the share holding pattern may be changed duly entering into agreement.

8. The Vice-Chairman & Managing Director, A.P.Mineral Development Corporation Limited, is directed to place the matter before the Board of Directors of A.P.Mineral Development Corporation Limited, if necessary.

9. The Vice-Chairman & Managing Director, A.P.Mineral Development Corporation Limited, Hyderabad, / the Director of Mines & Geology, Hyderabad shall take necessary action in the matter.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

Y.SRILAKSHMI
SECRETARY TO GOVERNMENT

To
The Vice-Chairman & Managing Director,
A.P.Mineral Development Corporation Ltd.,
Ameerpet, Hyderabad.
The Director of Mines & Geology, Hyderabad.
Sf/Sc

// forwarded by order //

SECTION OFFICER